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**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION**

**In re:**

**PG&E CORPORATION,**

**- and -**

**PACIFIC GAS AND ELECTRIC  
COMPANY,**

**Debtors.**

- ☐ Affects PG&E Corporation  
☐ Affects Pacific Gas and Electric Company  
☒ Affects both Debtors

*\* All papers shall be filed in the Lead Case, No. 19-30088 (DM).*

Bankruptcy Case No. 19-30088 (DM)

Chapter 11

(Lead Case) (Jointly Administered)

**REORGANIZED DEBTORS' TWENTY-  
THIRD OMNIBUS OBJECTION TO CLAIMS  
(NO LIABILITY CLAIMS)**

**Response Deadline:  
November 3, 2020, 4:00 p.m. (PT)**

**Hearing Information If Timely Response Made:**

Date: November 17, 2020

Time: 10:00 a.m. (Pacific Time)

Place: (Telephonic Appearances Only)

United States Bankruptcy Court

Courtroom 17, 16th Floor

San Francisco, CA 94102

1 **TO: (A) THE HONORABLE DENNIS MONTALI, UNITED STATES BANKRUPTCY**  
2 **JUDGE; (B) THE OFFICE OF THE UNITED STATES TRUSTEE; (C) THE AFFECTED**  
3 **CLAIMANTS; AND (D) OTHER PARTIES ENTITLED TO NOTICE:**

4 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**”), as  
5 debtors and reorganized debtors (collectively, “**PG&E**” or the “**Debtors**” or as reorganized pursuant to  
6 the Plan (as defined below), the “**Reorganized Debtors**”) in the above-captioned chapter 11 cases (the  
7 “**Chapter 11 Cases**”) hereby submit this twenty-third omnibus objection (the “**Objection**”) to the Proofs  
8 of Claim (as defined below) identified in the column headed “Claims To Be Disallowed and/or  
9 Expunged” on **Exhibit 1** annexed hereto.

## 10 **I. JURISDICTION**

11 This Court has jurisdiction over this Objection under 28 U.S.C. §§ 157 and 1334; the *Order*  
12 *Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.); and  
13 Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern  
14 District of California (the “**Bankruptcy Local Rules**”). This matter is a core proceeding pursuant to 28  
15 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The  
16 statutory predicates for the relief requested are section 502 of Title 11 of the United States Code (the  
17 “**Bankruptcy Code**”) and Rule 3007 of the Federal Rules of Bankruptcy Procedure (collectively, the  
18 “**Bankruptcy Rules**”).

## 19 **II. BACKGROUND**

20 On January 29, 2019 (the “**Petition Date**”), the Debtors commenced with the Court voluntary  
21 cases under chapter 11 of the Bankruptcy Code. Prior to the Effective Date (as defined below), the  
22 Debtors continued to operate their businesses and manage their properties as debtors in possession  
23 pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner was appointed  
24 in either of the Chapter 11 Cases. The Debtors’ Chapter 11 Cases are being jointly administered for  
25 procedural purposes only pursuant to Bankruptcy Rule 1015(b).

26 On February 12, 2019, the United States Trustee (the “**U.S. Trustee**”) appointed an Official  
27 Committee of Unsecured Creditors (the “**Creditors Committee**”). On February 15, 2019, the U.S.  
28 Trustee appointed an Official Committee of Tort Claimants (the “**Tort Claimants Committee**” and,  
together with the Creditors Committee, the “**Committees**”).

1 Additional information regarding the circumstances leading to the commencement of the Chapter  
2 11 Cases and information regarding the Debtors' businesses and capital structure is set forth in the  
3 *Amended Declaration of Jason P. Wells in Support of the First Day Motions and Related Relief* [Docket  
4 No. 263].

5 On July 1, 2019, the Court entered the *Order Pursuant to 11 U.S.C. §§ 502(b)(9) and 105(a),*  
6 *Fed. R. Bankr. P. 2002, 3003(c)(3), 5005, and 9007, and L.B.R. 3003-1 (I) Establishing Deadline for*  
7 *Filing Proofs of Claim, (II) Establishing the Form and Manner of Notice Thereof, and (III) Approving*  
8 *Procedures for Providing Notice of Bar Date and Other Information to All Creditors and Potential*  
9 *Creditors* [Docket No. 2806] (the "**Bar Date Order**"). The Bar Date Order set the deadline to file all  
10 proofs of claim (each, a "**Proof of Claim**") in respect of any prepetition claim (as defined in section  
11 101(5) of the Bankruptcy Code), including all claims of Fire Claimants (as defined therein), Wildfire  
12 Subrogation Claimants (as defined therein), Governmental Units (as defined in section 101(27) of the  
13 Bankruptcy Code), and Customers, and for the avoidance of doubt, including all secured claims and  
14 priority claims, against either of the Debtors as October 21, 2019 at 5:00 p.m. Pacific Time (the "**Bar**  
15 **Date**"). The Bar Date later was extended solely with respect to unfiled, non-governmental Fire  
16 Claimants to December 31, 2019 [Docket No. 4672]<sup>1</sup>; and subsequently with respect to certain claimants  
17 that purchased or acquired the Debtors' publicly held debt and equity securities and may have claims  
18 against the Debtors for rescission or damages to April 16, 2020 [Docket No. 5943].

19 By Order dated June 20, 2020 [Dkt. No. 8053], the Bankruptcy Court confirmed the *Debtors'*  
20 *and Shareholder Proponents' Joint Chapter 11 Plan of Reorganization Dated June 19, 2020* (as may be  
21 further modified, amended or supplemented from time to time, and together with any exhibits or  
22 scheduled thereto, the "**Plan**"). The Effective Date of the Plan occurred on July 1, 2020 (the "**Effective**  
23 **Date**"). See Dkt. No. 8252.

### 24 **III. RELIEF REQUESTED**

25 The Reorganized Debtors file this Objection, pursuant to section 502 of the Bankruptcy Code,  
26 Bankruptcy Rule 3007(d)(5), Bankruptcy Local Rule 3007-1, and the *Order Approving (A) Procedures*

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27 <sup>1</sup> The claims of Fire Claimants will be administered through the Fire Victim Trust and the claims of  
28 Wildfire Subrogation Claimants through the Subrogation Wildfire Trust in accordance with the Plan.

1 *for Filing Omnibus Objections to Claims and (B) the Form and Manner of the Notice of Omnibus*  
2 *Objections*, dated June 30, 2020 [Docket No. 8228] (the “**Omnibus Objections Procedures Order**”),  
3 seeking entry of an order disallowing and/or expunging Proofs of Claim for which the Reorganized  
4 Debtors are not liable (the “**No Liability Claims**”). The No Liability Claims are identified on  
5 **Exhibit 1**, in the columns headed “Claims To Be Disallowed and/or Expunged.” **Exhibit 1** also  
6 specifically identifies in the “Basis for Objection” that the No Liability Claims are classified as one of  
7 the following:

8 (1) “Equity Interest Claims.” These are Claims that are based purely upon the Claimant’s holding  
9 of the Debtors’ common stock, which interests remain outstanding subject to dilution in accordance with  
10 the Plan, and are not otherwise entitled to a distribution or right to payment under the Plan.

11 (2) “MLX Claims.” These Claims are based on prepetition refund obligations asserted under the  
12 Debtors’ mainline extension and interconnection programs (the “**MLX Programs**”). In a limited  
13 number of cases, the Reorganized Debtors have no liability for the MLX Claims listed on **Exhibit 1**  
14 because the nature of the underlying agreement does not warrant a refund. In most cases, the  
15 Reorganized Debtors have no current liability for the MLX Claims because they have not yet come due.  
16 Such unpaid refund claims arguably are not claims for which Claimants were required to submit a proof  
17 of claim either under the Bankruptcy Code or the Bar Date Order; certain of these obligations did not  
18 arise until after the Petition Date and therefore are not properly reconciled and paid pursuant to the  
19 bankruptcy claims process. For the avoidance of doubt, with respect to all of these Claims, the  
20 Reorganized Debtors seek only to expunge the Claims, and any ongoing obligations will not be  
21 discharged and will be paid in the ordinary course. Each Claimant retains its non-bankruptcy remedies  
22 with respect to post-petition claims under the MLX Programs.

23 (3) “Engineering Advances.” These Claims assert prepetition refund obligations pursuant to the  
24 Debtors’ engineering advances program, whereby Customers apply for new line extension or relocation  
25 projects, which are applied to the cost of the project (the “**Engineering Advances**”). In some cases, the  
26 Reorganized Debtors have no liability for the Engineering Advances listed on **Exhibit 1** because the  
27 refund will be applied to contract or cancellation costs and therefore not returned to the Claimant or there  
28 are no outstanding Engineering Advances under the Claimant’s name. In most cases, the Reorganized

1 Debtors have no current liability for the Engineering Advances because they have not yet come due.  
2 Such unpaid refund claims arguably are not claims for which Claimants were required to submit a proof  
3 of claim either under the Bankruptcy Code or the Bar Date Order; certain of these obligations did not  
4 arise until after the Petition Date and therefore are not properly reconciled and paid pursuant to the  
5 bankruptcy claims process. For the avoidance of doubt, with respect to all of these Claims, the  
6 Reorganized Debtors seek only to expunge the Claims, and any ongoing obligations will not be  
7 discharged and will be paid in the ordinary course. Each Claimant retains its non-bankruptcy remedies  
8 with respect to post-petition claims under the Engineering Advances.

9 (4) “Protective Claims.” These are proofs of claim that assert protective, unliquidated claims  
10 arising post-petition pursuant to an assumed executory agreement. The Reorganized Debtors have  
11 reviewed their books and records and have determined that they have no known liability as of the Petition  
12 Date with respect to the Protective Claims. Approval of the relief requested herein will not prejudice  
13 the holders of any of the Protective Claims with respect to any alleged post-assumption claims because  
14 the applicable agreements were assumed on the Effective Date under the Plan.

#### 15 **IV. ARGUMENT**

##### 16 **A. The No Liability Claims Should be Disallowed and/or Expunged**

17 The Omnibus Objections Procedures Order supplemented Bankruptcy Rule 3007(d) to permit  
18 the Reorganized Debtors to file objections to more than one claim if “[t]he claims seek recovery of  
19 amounts for which the Debtors are not liable.” Omnibus Objections Procedures Order, ¶2(C)(iii).  
20 Bankruptcy Rule 3007(e) requires that an omnibus objection must list the claimants alphabetically and  
21 by cross-reference to claim numbers. The Reorganized Debtors and their professionals have reviewed  
22 each of the No Liability Claims identified on Exhibit 1 and have determined that they do not state a  
23 basis for a current right to payment, because they are based solely on the ownership of the Debtors’  
24 stock, because they will be paid in the ordinary course, or because they are purely protective and based  
25 upon potential future breach by the Reorganized Debtors. As to the first, ownership of the Debtors’  
26 common equity does not in and of itself provide a holder with a “right to payment” and as such does not  
27 constitute a “claim” under the Bankruptcy Code. 11 U.S.C. § 101(5); *see also In re Hedged Investments*  
28 *Associates*, 84 F.3d 1267, 1272 (10th Cir. 1996) (an equity interest is not a claim against the debtor”);

1 *In re Pine Lake Vill. Apartment Co.*, 21 B.R. 478, 480 (Bankr. S.D.N.Y. 1982) (an equity interest is not  
2 a claim against the debtor and the equity holder is only entitled to a proof of interest). As to the second,  
3 as discussed above, unpaid customer refund claims arguably are not claims for which Claimants were  
4 required to submit a proof of claim either under the Bankruptcy Code or the Bar Date Order, and will be  
5 paid in the ordinary course. As to the third, the very fact of contract assumption forming the basis of the  
6 Protective Claims indicates no current right to payment: the plain language of the Bankruptcy Code  
7 provides that a contract may not be assumed until prepetition defaults under it are cured. 11 U.S.C. §  
8 365(b)(1)(A). And, as discussed above, approval of the relief requested herein will not prejudice the  
9 holders of the Protective Claims because the underlying agreements were assumed as of the Effective  
10 Date under the express terms of the Plan and Confirmation Order.

11 Each of the Claimants is listed alphabetically, and the claim number and amount are identified  
12 in accordance with Bankruptcy Rule 3007(e). Furthermore, in accordance with the Omnibus Objections  
13 Procedures Order, the Reorganized Debtors have sent individualized notices to the holders of each of  
14 the No Liability Claims.

15 **B. The Claimants Bear the Burden of Proof**

16 A filed proof of claim is “deemed allowed, unless a party in interest . . . objects.” 11 U.S.C.  
17 § 502(a).<sup>2</sup> Section 502(b)(1) of the Bankruptcy Code, however, provides in relevant part that a claim  
18 may not be allowed if “such claim is unenforceable against the debtor and property of the debtor, under  
19 any agreement or applicable law.” 11 U.S.C. § 502(b)(1). Once the objector raises “facts tending to  
20 defeat the claim by probative force equal to that of the allegations of the proofs of claim themselves,”  
21 *Wright v. Holm (In re Holm)*, 931 F.2d 620, 623 (9th Cir. 1991), quoting 3 L. King, *Collier on*  
22 *Bankruptcy* § 502.02 at 502-22 (15th ed. 1991), then “the burden reverts to the claimant to prove the  
23 validity of the claim by a preponderance of the evidence,” *Ashford v. Consolidated Pioneer Mortgage*  
24 *(In re Consolidated Pioneer Mortgage)* 178 B.R. 222, 226 (B.A.P. 9th Cir. 1995) (quoting *In re*  
25 *Allegheny Int’l, Inc.*, 954 F.2d 167, 173-74 (3d Cir. 1992)), *aff’d without opinion* 91 F.3d 151 (9th Cir.  
26 1996). “[T]he ultimate burden of persuasion is always on the claimant.” *Holm*, 931 F.2d at 623 (quoting

27 <sup>2</sup> Under Section 7.1 of the Plan, the Reorganized Debtors have until 180 days after the Plan’s Effective  
28 Date to bring objections to claims, which deadline may be extended by the Court.

1 King, *Collier on Bankruptcy*); see also *Lundell v. Anchor Constr. Specialists, Inc.*, 223 F.3d 1035, 1039  
2 (9th Cir. 2000), *Spencer v. Pugh (In re Pugh)*, 157 B.R. 898, 901 (BAP 9th Cir. 1993); *In re Fidelity*  
3 *Holding Co.*, 837 F.2d 696, 698 (5th Cir. 1988).

4 As set forth above, the Reorganized Debtors submit that the No Liability Claims do not represent  
5 a current right to payment and, therefore, should be disallowed and/or expunged in their entirety. If any  
6 Claimant believes that a No Liability Claim is valid, it must present affirmative evidence demonstrating  
7 the validity of that claim.

#### 8 **V. RESERVATION OF RIGHTS**

9 The Reorganized Debtors hereby reserve the right to object, as applicable, in the future to any of  
10 the Proofs of Claim listed in this Objection on any ground, and to amend, modify, or supplement this  
11 Objection to the extent an objection to a claim is not granted, and to file other objections to any proofs  
12 of claims filed in these cases, including, without limitation, objections as to the amounts asserted therein,  
13 or any other claims (filed or not) against the Debtors, regardless of whether such claims are subject to  
14 this Objection. A separate notice and hearing will be scheduled for any such objections. Should the  
15 grounds of objection specified herein be overruled or withdrawn, wholly or in part, the Reorganized  
16 Debtors reserve the right to object to the No Liability Claims on any other grounds that the Reorganized  
17 Debtors may discover or deem appropriate.

#### 18 **VI. NOTICE**

19 Notice of this Objection will be provided to (i) holders of the No Liability Claims; (ii) the Office  
20 of the U.S. Trustee for Region 17 (Attn: Andrew R. Vara, Esq. and Timothy Laffredi, Esq.); (iii) counsel  
21 to the Creditors Committee; (iv) counsel to Tort Claimants Committee; (v) all counsel and parties  
22 receiving electronic notice through the Court's electronic case filing system; and (vi) those persons who  
23 have formally appeared in these Chapter 11 Cases and requested service pursuant to Bankruptcy Rule  
24 2002. The Reorganized Debtors respectfully submit that no further notice is required. No previous  
25 request for the relief sought herein has been made by the Reorganized Debtors to this or any other Court.

1           WHEREFORE the Reorganized Debtors respectfully request entry of an order granting (i) the  
2 relief requested herein as a sound exercise of the Reorganized Debtors' business judgment and in the  
3 best interests of their estates, creditors, shareholders, and all other parties interests, and (ii) such other  
4 and further relief as the Court may deem just and appropriate.

5 Dated: October 8, 2020

**KELLER BENVENUTTI KIM LLP**

6 By: /s/ Peter J. Benvenutti  
7 Peter J. Benvenutti

8 *Attorneys for Debtors and Reorganized Debtors*  
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